



CONTINENTAL SECURITIES, LLC

To: Basil Elmer

From: Bob Corp

Date: May 7, 2001

Re: BryLin Hospitals

Basil,

I understand that we will be meeting at BryLin on Thursday May 10 at 10:00 AM to discuss various issues to get to a closing by the end of this month. The following is a summary of the things I would like to find out about and finalize. Let's assume that we'll be able to meet a May 29, 2001 closing date.

Existing Debt

The major pieces of debt include Key, Heller, Taxes, Charter and consent judgements/lienable A/P:

1. I have a copy of the March 7, 2001 Key Bank agreement. I assume that the \$3.75 million is the total payoff, not to be adjusted by any additional interest that may accrue between now and the payoff.
2. The firm commitment was processed with a Heller balance due of \$1,350,000. I need to know what the payoff amount of that debt will be on May 29.
3. The firm commitment was processed with back taxes amounting to \$460,936. Becky in my office is contacting the various taxing authorities to get current payoff numbers for all of the taxes.
4. The firm commitment was processed with a payoff of \$61,779. I need the payoff amount on May 29.
5. For the Consent Judgements/Lienable A/P items, the firm commitment was processed with a list of 29 items totaling \$123,831. On May 1, 2001, we received from Karen information on six items totaling \$136,709, four of which were on the original list. I need clarification of this item.

Repairs

You told me previously that all of the "Critical" repairs have been completed. I'll need to see them. Also, I'll need a status of the "Immediate Non-Critical" repairs. If any of those have been completed I'll need to inspect them. It should be kept in mind that for

ONE MONY PLAZA, SUITE 800, SYRACUSE, NY 13202 (315) 424-1994 • FAX (315) 424-1908
452 FIFTH AVENUE, 25TH FLOOR, NEW YORK, NY 10018 (212) 840-2060 • FAX (212) 869-6418

EXHIBIT

SJ 53

HUD 00246

the Non-Critical repairs that are not completed by closing, an escrow of 150% of the cost is required. Therefore, the more that can be done, the better off BryLin will be.

Tax/Insurance Escrow

An initial deposit to a tax/insurance escrow is required. We have made a preliminary calculation, which is enclosed.

Commitment Fee

We will require a commitment fee of .50% of the mortgage amount, or \$35,062.50. This is not an additional fee. It will be credited toward the total financing fee.

Other Amounts Due

I would like to make sure that the providers of services in connection with this application are paid. Specifically, GAR Associates and Frandina are owed balances. Also, I'm not sure of the surveyor or other parties that need to be paid in connection with the application processing.

I've enclosed a preliminary draft of a settlement statement for the closing. As discussed above, we need to refine the numbers to get a better idea what the closing will look like. As we will withhold interest for the month of May, the first payment of principal, interest, escrows and reserves will be July 1.

HUD 00247

BRY-LIN HOSPITALS

Payoff as of June 4, 2001

BRYLIN (Batch Total)	261,755.24
BRYCARE (Batch Total)	81,923.10
BRYCAID (Batch Total)	<u>204,468.62</u>
	548,146.96
Legal Fee	3,000.00
HCAC Fee (Audit)	<u>3,845.00</u>
	6,845.00
Total	\$ 554,991.96

Payoff as of June 1, 2001

Additional Purchase/Funding	787,136.67
Purchase Discount	<u>7,871.37</u>
	795,008.04
June 1, 2001 Termination Payment	\$ 1,350,000.00

Full OK

EXHIBIT

SJ 54

GE-0082

HUD 00162

BRY-LIN HOSPITALS

Payoff as of June 4, 2001

BRYLIN (Batch Total)	261,755.24
BRYCARE (Batch Total)	81,823.10
BRYCAID (Batch Total)	<u>204,468.62</u>
	548,146.96
Legal Fee	3,000.00
HCAC Fee (Audit)	<u>3,845.00</u>
	6,845.00
Total	\$ 554,991.96

Payoff as of June 1, 2001

Additional Purchase/Funding	787,136.87
Purchase Discount	<u>7,871.37</u>
	795,008.04
June 1, 2001 Termination Payment	\$ 1,350,000.00

William M. Foley

GE-0415

HUD 00163

**ASSIGNMENT OF FHA COMMITMENT FOR INSURANCE
AND RELATED FHA LOAN RIGHTS**

FHA LOAN PROJECT NUMBER: 014-22019

PROJECT NAME: Brylin Hospitals

CITY AND STATE: Buffalo, New York

FOR GOOD AND VALUABLE CONSIDERATION, receipt of which hereby is acknowledged, **CONTINENTAL SECURITIES, LLC**, a New York limited liability company ("**Assignor**"), being mortgagee of record for the FHA commitment for insurance ("**FHA Commitment for Insurance**") pertaining to the above captioned property, hereby assigns and transfers to **GMAC COMMERCIAL MORTGAGE CORPORATION**, a California corporation ("**Assignee**"), all of its rights, title and interest in and to the FHA Commitment for Insurance and the related FHA Loan (including, without limitation, the loan servicing rights).

Assignee hereby accepts the foregoing assignment of the FHA Commitment for Insurance and related FHA-Insured Loan and assumes and agrees to bound by the terms and conditions of such FHA Commitment and related FHA-Insured Loan and to perform all of the duties and obligations on the part of the mortgagee to be performed thereunder.

Assignee further represents that its FHA identification number is **FHA Mortgage No. 04951-0000-1**.

Continental Securities, LLC

by: *Robert P. Corp*
Name: Robert P. Corp
Title: Vice President

Date: June 5, 2001

GMAC Commercial Mortgage Corporation

by: *Dean W. Wantland*
Name: Dean W. Wantland
Title: Vice President

Date: June 5, 2001

Acknowledgment of Assignment by Borrower

The undersigned, being the borrower of the FHA Loan described in the foregoing FHA Commitment for Insurance, hereby acknowledges the foregoing assignment by Assignor to Assignee.

Date: June 5, 2001

LINREAL CORP.

by: *Eric D. Pleskow*
Eric D. Pleskow, President

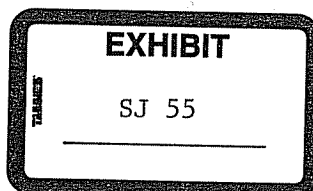
Approval of Assignment by HUD

The foregoing Assignment is hereby acknowledged and approved.

Date: June 5, 2001

Secretary of Housing and Urban Development
Acting by and through the Federal Housing Commissioner

by: *Rosalinda Lomberty*
Authorized Agent



D00014



US. Department of Housing and Urban Development

Buffalo Office
465 Main Street
Buffalo, New York 14203-1780

JUN 1 2001

Ms. Patricia Maroney
Continental Securities, LLC
One Mony Plaza
Syracuse, NY 13202

Dear Ms. Maroney:

Subject: Project No. 014-22019, Brylin Hospitals

As you requested in your letter of May 31, 2001, paragraph 4 of the Firm Commitment issued for the subject project on May 1, 2001, is hereby amended as follows:

"4. The Mortgage shall bear interest at the rate of 7.40 percent per annum payable on the first day of each month on the outstanding balance of principal. The first payment to principal (Commencement of amortization) shall be due not later than the first day of the second month following the date of endorsement of the Mortgage for insurance. The Mortgage shall be payable on a level annuity basis by 420 monthly payments of principal and interest in the amount of \$46,781.31. The maturity and final payment date shall be 34 years and 11 months following the due date of the first payment to principal."

All remaining terms and conditions of the Commitment remain in full force and effect.

Sincerely,

A handwritten signature in dark ink, appearing to read "Ralph M. Colosimo", is written over the typed name.

Ralph M. Colosimo
Director, Project Management

<http://www.hud.gov/local/buff/bufofc.html>

D00015



MAY 1 2001

Buffalo Office
465 Main Street
Buffalo, New York 14203

RECEIVED

MAY - 7 2001

Continental Securities Corp.

Mr. Robert Corp
Continental Securities, LLC
One Mony Plaza
Syracuse, NY 13202

Dear Mr. Corp:

Subject: Project No. 014-22019, Brylin Hospitals,
Buffalo and Alden, NY

Enclosed you will find an original and four copies of the Form HUD 2453-MM, Commitment to Insure Upon Completion, Section 232 pursuant to Section 223(f)), Multifamily Accelerated Processing (MAP), in the amount of \$7,012,500. Also enclosed are the Forms 92264 and revised 2264A for this property. One copy of the Commitment and the Forms 92264 and 2264A are for the use of the Sponsor.

Your attention is invited to the various items of this Commitment, and, in particular, the special conditions enclosed.

It is recommended that your attorney contact our Counsel, Ms. Diane Schwach, at (716) 551-5755, extension 5202, to facilitate an early closing date and become familiar with all legal requirements for closing. Three copies of the draft closing documents shall be sent to this Office for review at least three weeks prior to the date of the scheduled closing.

Sincerely,

Ralph M. Colosimo

Ralph M. Colosimo
Director, Project Management
Buffalo Multifamily Hub

Enclosures

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATIONCOMMITMENT TO INSURE UPON COMPLETION
SECTION 207
(Section 232 Pursuant to Section 223(f))

TO:

Continental Securities, LLC
(Mortgagee)Project Number: 014-22019One Mony Plaza
(Street)Linreal Corporation
(Name of Sponsor(s))Syracuse, NY 13202
(City and State)Buffalo (Erie), New York
(City, County, and State)Linreal Corporation
(Name of Proposed Mortgagor)

DEAR SIRs:

We understand that you, as Mortgagee, have agreed to make a loan to Linreal Corporation (hereinafter called the "Mortgagor"), in an amount not exceeding the sum of seven million twelve thousand five hundred Dollars (\$7,012,500) to be secured by a credit instrument and security instrument (hereinafter jointly called the "Mortgage") covering real property with existing building(s) thereon, (hereinafter called the "Project"), situated in the County of Erie and State of New York at 1263 Delaware Avenue, Buffalo, and 11438 Genesee Street, Alden, as shown on the As-built Survey, Surveyor's Certificate, and legal description of the property.

It is your intention to present the said Mortgage to this Administration for mortgage insurance under the provisions of Section 207, Section 232 pursuant to Section 223(f) of the National Housing Act, and the Regulations thereunder now in effect.

The Federal Housing Commissioner acting herein on behalf of the Secretary of Housing and Urban Development hereby agrees to insure said Mortgage under the provisions of said Act and Regulations upon the following conditions:

1. Upon endorsement of the Mortgage for insurance, repairs, if any, shall have been completed in accordance with the Work Write-up attached hereto as "Exhibit B" and the Specifications (and Drawings, if required) attached hereto as "Exhibit C" except as they may have been modified by changes formally approved in writing by the Commissioner before the changes are made.
2. During the course of repairs, if any, the Commissioner and his representatives shall at all times have access to the property and the right to inspect the progress of the repairs. In addition, if required by the Commissioner, the Mortgagor will furnish at the Project site all necessary facilities for the use of the Commissioner's inspector such as, office space, use of a telephone, typewriter, etc. The inspection of the repairs by a representative or representatives of the Commissioner shall be for the benefit and protection of the Secretary of Housing and Urban Development. If deviations from the Work Write-up and Specifications (and Drawings, if applicable) or unsatisfactory workmanship or defective materials are not corrected to the satisfaction of the Commissioner prior to the completion of repairs, the Mortgage will not be considered eligible for insurance.
3. Prior to endorsement of the Mortgage for insurance, the Mortgagor shall present to the Commissioner a title policy or title evidence in conformity with the Regulations above mentioned which shall show that title to the property on the date of endorsement of the Mortgage for insurance is vested in the Mortgagor free of all encumbrances other than said Mortgage and all exceptions to title (either junior or prior to said Mortgage) except such as are specifically determined to be acceptable by the Commissioner. The Mortgagor shall also furnish satisfactory proof that there exist no unpaid obligations contracted in connection with the Mortgage transaction, the purchase of the mortgaged property or refinancing of existing indebtedness, or the completion of the repairs, except such obligations as may be approved by the Commissioner. If such title evidence is in the form of a title insurance policy, it shall by its terms inure to the benefit of the Mortgagee and/or Secretary of Housing and Urban Development, as their interests may appear. If under the laws of the jurisdiction in which the Project is located the chattels and personal property of the Mortgagor required in the operation of the Project are not covered by and subject to the terms of the Mortgage, the Mortgagee must require and receive from the Mortgagor a chattel mortgage or such other security instrument as may be necessary covering such personal property and chattels.
4. The Mortgage shall bear interest at the rate of 7.50 percent per annum payable on the first day of each month on the outstanding balance of principal. The first payment to principal (Commencement of amortization) shall be due not later than the first day of the second month following the date of endorsement of the Mortgage for insurance. The Mortgage shall be payable on a level annuity basis by 420 monthly payments of principal and interest in the amount of \$47,281.26. The maturity and final payment date shall be 34 years and 11 months following the due date of the first payment to principal.
5. The credit instrument and the security instrument to be insured shall be in the form prescribed by the Commissioner for use in connection with Section 207 loans in the locality in which the property is situated.

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6. The Mortgagor must possess the powers necessary for operating the Project and meeting all the requirements of the Commissioner for insurance of the Mortgage. Prior to endorsement of the Mortgage for insurance, there shall be filed with the Commissioner a copy of the instrument under which the Mortgagor entity is created (unless the Mortgagor is an individual) together with copies of all instruments or agreements necessary under the laws of the applicable jurisdiction to authorize execution of the Mortgage and the other closing documents, and a Regulatory Agreement or other instrument as will permit the Commissioner's regulation of the Mortgagor as to rents, charges and methods of operation. Such instrument shall provide, among other things, for the establishment of a Reserve Fund for Replacements by payment of \$ 75,000 per annum to be accumulated monthly under the control of the Mortgagee, commencing on the date of the first payment to principal as established in the insured Mortgage unless a later date is agreed to by the Commissioner. In addition to the per annum amount required to be accumulated monthly under control of the Mortgagee for the Reserve Fund for Replacements, there shall be an initial deposit in the amount of \$ 550,000 made to the Reserve Fund for Replacements by the Mortgagor prior to endorsement of the Mortgage for insurance.

7. If any repairs are to be made to an existing Project which require additional sewer, water, gas or electrical facilities, evidence satisfactory to the Commissioner shall be submitted prior to endorsement of the Mortgage for insurance showing that adequate sewer, water, gas, and electrical facilities have been fully installed and that necessary public streets, sidewalks, and curbing outside the Project site have been completed. All off-site facilities or utilities required by the special conditions under this commitment shall be included in such evidence.

8. Prior the endorsement of the Mortgage for insurance, evidence shall be submitted to the Commissioner that the buildings, including electric wiring, plumbing, gas, and other appliances therein have been inspected and approved by all departments, boards, or agencies of the municipality, county or State, or other governmental bureaus or departments having jurisdiction thereof, and by the rating or inspection organization, bureau, association or body performing similar functions and that such certification as may be required with respect to the approval of the said buildings for occupancy and otherwise as may be required by the Commissioner have been issued to the Mortgagor.

9. Prior to the endorsement of the Mortgage for insurance, the Commissioner shall be furnished with a current As-built survey duly certified to by a registered surveyor satisfactory to the Commissioner and an up-dated Surveyor's Certificate showing that there are no easements or encroachments upon the subject property except those approved by the Commissioner and that the improvements of the Project are contained upon the land covered by the Mortgage and within the building restriction lines, if any, on said land and do not encroach upon or overhang any land not covered by the Mortgage or beyond the said building restriction lines, if any, nor any easement or right-of-way. The survey shall also show the exact location of water, sewer, gas, and electric mains, and all easements for such utilities then existing.

10. Upon endorsement of the Mortgage for insurance, the Mortgage must be current with respect to all payments required to be made by its terms, including all deposits required to be made with the Mortgagee for mortgage insurance premiums, fire, and other property insurance premiums, ground rents, water rates, taxes and other assessments; and there shall be in full force and effect fire and other property insurance as required by the insured Mortgage.

11. Upon endorsement of the Mortgage for insurance, the Mortgagee shall pay to the Commissioner in advance, a mortgage insurance premium equal to one percentum of the principal amount of the insured Mortgage to cover the first mortgage insurance premium and shall continue to make payments thereafter as required by the aforesaid Regulations.

12. In the case of a Project (1) on which construction was commenced prior to June 30, 1974, (2) which was completed prior to December 31, 1975, (3) on which an application was filed after completion and prior to December 31, 1975, and (4) which is less than one year old at the time of endorsement of the Mortgage for insurance, the Mortgagor shall furnish satisfactory evidence that the work of the General Contractor is covered by a guarantee acceptable to the Commissioner, running for a period of at least one year, following endorsement of the mortgage, against latent defects and faulty workmanship and defective materials in the construction of the building, which guarantee will be secured by (a) valid surety bond (FHA Form Number 3259) in an amount not less than ten percent (10%) of the cost of construction, running for a period of not less than two years following endorsement of the Mortgage, with Mortgagor and Mortgagee named as Obligees on the bond with the Mortgagee's interest assignable to the Commissioner; or (b) a sum equal to two and one-half percent (2 1/2%) of the face amount of the Mortgage to be held in escrow and subject to the control of the Mortgagee for a period of 15 months following endorsement of the Mortgage, which sum, upon failure of such corrections being made as are required by the Mortgagee or the Commissioner within said one year period, may be used by the Mortgagee, or its assigns, for making such required corrections or, with the consent of the Commissioner, may be applied to the last maturing installments of principal of the indebtedness evidenced and secured by the Mortgage.

13. Prior to endorsement of the Mortgage for insurance, the Mortgagor must certify under oath that in selecting tenants for the property covered by the Mortgage, the Mortgagor will not discriminate against any family by reason of the fact that there are children in the family, unless the Commissioner determines that the Project is intended primarily for occupancy by the elderly or handicapped and is not compatible for occupancy by families with children, and that the Mortgagor will not sell the property while mortgage insurance is in effect unless the purchaser also so certifies and files such certification with the Commissioner.

14. Prior to endorsement of the Mortgage for insurance, the Mortgagor must certify under oath that so long as the Commissioner has any interest in the Mortgage transaction no part of any building will be rented for a period of less than 30 days or operated in such a manner as to offer any hotel services to any tenant in the building or buildings; and that the property will not be sold so long as the Commissioner retains any interest therein, unless the purchaser files with the Commissioner a like certification executed by such purchaser under oath.

15. Upon endorsement of the Mortgage for insurance, the Mortgagor(s) shall execute FHA Form 2476a "Escrow Agreement - Additional Contribution by Sponsors" showing the deposit of \$ 0 in the form of cash, unconditional irrevocable letter of credit issued to the depository by a banking institution, or United States bearer bonds. In the event a demand under the letter of credit is not promptly met, the Mortgagee shall immediately provide the cash equivalent in the undrawn balance thereunder.

-3-

16. The Mortgagor shall not be required to pay to the Mortgagee an initial service charge in excess of two percent (2%) of the original amount of the Mortgage.

17. This commitment shall expire 60 days from the date hereof, unless extended by the Commissioner. Upon such expiration, all rights and obligations of the respective parties shall cease. Prior to any extension of this commitment, the Commissioner may, at his/her option, reexamine the commitment to determine whether it shall be extended, shall be extended in the same amount, or shall be amended to include a lesser amount AND the Commissioner will determine whether there is sufficient credit subsidy available for reservation for this project. You must proceed to (initial, initial/final) endorsement for this project within 60 days from the date of the reservation of credit subsidy for this project.

18. Prior to the execution of any repair contracts relative to the subject Project, the Agreement and Certification Form Number N/A shall be executed by the Mortgagor, Mortgagee, and Federal Housing Commissioner and the Mortgagor shall be bound thereby with respect to any subsequent contracts or subcontracts. The commitment amount herein above is subject to appropriate reduction in accordance with the terms of the Agreement and Certification.

19. A request for reopening received within ninety (90) days of its expiration must be accompanied by a reopening fee of \$.50 per \$1,000 of the amount of the expired commitment.

20. It is a condition of this commitment that any change in sponsorship upon which this commitment was predicated must be indicated in writing by the Mortgagee on behalf of the proposed substitute sponsor(s) and such request must be approved in writing by the Commissioner.

21. In the event that additional code requirements are imposed by any state or local authority, after the issuance of this commitment, that would cause the total cost of all required repairs to exceed fifteen percent (15%) of the total HUD/FHA estimate of value after repairs, this commitment shall be null and void.

SPECIAL CONDITIONS:

1. Pursuant to Form HUD-2880, this commitment is based on owner certifications regarding the absence of Tax Credit or Other Government Assistance. If the owner's intentions subsequently change, and Tax Credit or Other Government Assistance is applied for, Form HUD-2880 must be updated, and HUD reserves the right to unilaterally alter any and all of its underwriting determinations, or revise the terms of its mortgage insurance commitment or regulatory agreement accordingly.
2. Three copies of the draft closing documents shall be submitted to this Office at least three weeks prior to the scheduled closing date.
3. All critical repairs as identified in Exhibit B must be completed prior to closing.
4. A repair escrow in the amount of \$ 411,728 must be established for the completion of the non-critical repairs totaling \$274,485 as identified in Exhibit B. All non-critical repairs must be completed within 12 months of closing.
5. An Operating Lease exists between the Mortgagor, Linreal Corporation, and the Operator, Brylin Hospitals, Inc. Both the mortgagor entity and the Operating entity will be required to execute a Regulatory Agreement at closing.
6. The Organizational documents for both the Mortgagor entity and the Operating entity must be amended to include all of the required powers and restrictions.
7. All recorded judgments for the Linreal Corporation and the Brylin Hospitals, Inc., must be removed from record prior to endorsement.

SECRETARY OF HOUSING AND URBAN DEVELOPMENT
BY: FEDERAL HOUSING COMMISSIONER

Dated MAY 1 2001

By

Ralph E. Calabrese
Authorized Agent

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EXHIBIT B Part 1

Project Name: Brylin Hospitals Location: 1263 Delaware Avenue Buffalo, NY				
Immediate Critical (Health & Safety) Repairs (to be completed before closing)				
Section	Description of Repairs	Location	QTY	Replacement Cost
E.5.	Repair concrete step and railing anchor	Main Hospital front stairway	1	\$300
F.3.b.	Replace torn carpet	Main hospital staff dining room, Rm. #B-19	350 sf	\$525
F.3.c.	Replace rotted window and frame with glass block window	Carriage House basement	1	\$669
G.3,H.10	Asbestos abatement program	Main Hospital: Radiant heaters in Stairwells: floors 1 to 4 Carriage House: Basement insulation	1	7,543
G.5.	Replace Fire alarm system and detectors	Main Hospital	1	37,195
Total Immediate critical (health & safety) Repairs				\$46,232
Note: All repair costs include applicable State and Local taxes Inflation Factor = 3% per year		Above adjusted to reflect sponsor obtained quotes for the work .vs. - PIR estimates		

Project Name: Brylin Hospitals Location: 1263 Delaware Avenue Buffalo, NY				
Non -Critical Repairs (within first year after closing)				
Section	Description	Location	QTY	Replacement Cost
D.5.	Install Chain link fence	Linwood Lot	1	\$13,000
E.3	Replace missing downspouts	Carriage House	100 lf	\$200
E.3	Replace gutters	Carriage House	200 lf	\$400
E.5	Replace ramp railing	Main Hospital entrance ramp	75 lf	\$1,050
E.5.	Replace delaminated stair treads in 3 stairways	Main Hospital	1	\$400
F.3.c	Replace rotted window and frame with glass block window	Carriage House basement	2	\$1,000
F.4.	Install wall and floor padding in 1 st floor seclusion room	Main Hospital	1	\$23,265
F.4.	Repair stained ceilings and loose plaster in ceilings of rooms B-22 and B-11	Main Hospital basement	2	\$600
G.3.	Repair fin tube radiator in stairway #1	Main Hospital basement	1	\$200
D.3.	Patch and seal asphalt drives & parking lot	Parking lot	1	\$1,000
D.3.	Replace ramp curbs	Main Hospital entrance ramp	75 lf	\$450
D.3.	Replace ramp curb lights	Main Hospital entrance ramp	8	\$1,200
D.3.	Replace missing lamppost	Parking lot	1	\$800
D.3.	Straighten bent lamppost	Parking lot	1	\$300
E.2.	Repair stucco façade	Main Hospital front portico	1	\$18,000
E.3	Repair loose slate roof shingles	Administration Building	100 sf	\$600
E.3	Patch roof sheathing	Carriage House	100sf	\$1,000
E.3	Replace missing Spanish roof tiles	Carriage House	100 sf	\$800
E.7.	Upgrade the elevator control panels	Main Hospital	1	\$11,000
G.10	Security system upgrade	Main Hospital	1	\$16,200

Project Name: Brylin Hospitals				
Location: 1263 Delaware Avenue				
Buffalo, NY				
Non -Critical Repairs (within first year after closing)				
Section	Description	Location	QTY	Replacement Cost
G.9	Nurse Emergency Call system	Main Hospital 2 nd & 3 rd floors	1	\$35,000
D.3.	Replace spalled concrete sidewalks	Administration Building	375 sf	\$1,500
D.3.	Replace spalled concrete sidewalks	Main Hospital Building	1550 sf	\$6,200
E.3.	Replace roof shingles	Main Hospital front portico	1	\$3,000
F.1.	Replace partitions in Women's and lobby restrooms	Main Hospital 3 rd floor	1	\$3,200
F.3.c.	Replace rotted doors & frames on exits #2, #7	Main Hospital	2	\$2,700
G.3.	Replace control valves on HVAC radiators in stairways and halls	Main Hospital	1	\$6,000
D.5.	Replace emergency generator shed	Main Hospital rear	1	\$10,000
E.2.	Repoint Brick Chimney	Administration Building	1 sf	\$3,500
E.2.	Repoint Brick Chimney	Carriage House	1 sf	\$3,000
F.3.c.	Replace rotted door at front entrance	Administration Building	2	\$3,600
F.3.e.	Replace cabinets in pantry	Main Hospital 3 rd floor	1	\$3,500
F.4.	Replace ceramic tile walls in dish room	Main Hospital	1	\$3,200
D.3	Parking lot replacement and leveling of all storm receivers	Parking lot	1	\$24,800
D.5.	Demolish & dispose of abandoned incinerator	North side of Carriage House	1	\$5,000
Total Immediate Non-Critical Repairs				\$205,665

EXHIBIT B (Part 2)

Project Name: Brylin Hospitals				
Location: 11438 Genesee Street				
Alden, NY				
Immediate Critical (Health & safety) Repairs (to be completed before closing)				
Section	Description	Location	QTY	Replacement Cost
F.3.c.	Replace broken sash in 2 nd floor stairway window, north side	Main Hospital	1	\$200
F.4	Replace water stained ceiling tiles in group conference room	Administration Building	1	\$300
F.4	Replace missing ceiling tiles in 1 st floor bathroom	Administration Building	1	\$200
F.4	Replace missing ceiling speaker cover in the hallway outside room 612	Main Hospital	1	\$200
F.4	Replace broken ceramic tile wall in the kitchen, rear corner wall	Main Hospital	1	\$200
F.4	Replace broken ceramic tile in men's bathroom opposite room 609	Main Hospital	1	\$600
E.3	Roof: Asphalt shingles	Administration Building	5,000 sf	\$6,000
Total Immediate Critical Repairs				\$7,700

Project Name: Brylin Hospitals				
Location: 11438 Genesee Street				
Alden, NY				
Non Critical Repairs (within first year after closing)				
Section	Description	Location	QTY	Replacement Cost
D.3	Patch and seal blacktop driveway near garbage dumpsters	East Driveway	1	\$5,000
D.3	Seal all asphalt pavements	East and west lots	20,800 sf	\$3,120
G.10	Security system upgrade	Main Hospital	1	\$30,000
D.5	Repair roof of storage trailers	East side of hospital building	1	\$1,500
F.3.c	Replace north entrance door, main entrance	Main Hospital	1	\$6,000
F.3.c	Replace exit doors and window panels	Administration Building	1	\$7,000
G.1.	Regrade leach field for the Septic System	Leach field in rear of parcel	1	\$10,2000
E.3.	Replace upper story roof	Administration Building	1	\$6,000
Total Immediate Non-Critical Repairs				\$68,820

Health Care Facility Summary Appraisal Report

<input type="checkbox"/>	SAMA
<input type="checkbox"/>	Feasibility (Rehab)
<input checked="" type="checkbox"/>	Firm

U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

Skilled Nursing Facility (SNF) Intermediate Care Facility (ICF)
Board and Care Facility (B&CF) Assisted Living Facility (ALF)

Property Rights Appraised: <input type="checkbox"/> Other <input checked="" type="checkbox"/> Fee Simple	Project Name: 232/223F - EXISTING BRYLIN HOSPITALS	Date 11/22/00	Project Number:
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Purpose: FHA Appraisers evaluate the subject property as security for a long-term insured mortgage. Included in the appraisal are the Appraiser's analyses of market need, location, earning capacity, expenses, taxes and warranted cost of the property. This form summarizes the FHA appraisal analyses and conclusions. Scope: The Appraiser has developed, and hereunder reports, conclusions with respect to: feasibility; suitability of improvements; extent, quality and duration of earning capacity; the value of real estate proposed or existing as security for a long-term mortgage; and several other factors which have a bearing on the economic soundness of the property.

A. LOCATION AND DESCRIPTION OF PROPERTY:

1. Street Numbers 1263 DELAWARE AVE. 11438 GENESEE STREET	2. Municipality BUFFALO ALDEN	3. County ERIE	4. State NEW YORK
5. Type of Project <input checked="" type="checkbox"/> Elevator <input type="checkbox"/> 1 Story	6. Gross Floor Area 69,078/26,905	7. Number Bldg/Floors 4 / 2	8. Number of Beds or Units SNF 0 ICF 0 B&CF 88 / 62 AL 0
9. Average Monthly Charges Per Bed	10. Average Other Monthly Charges Per Bed		
11. <input checked="" type="checkbox"/> Existing <input type="checkbox"/> Rehab <input type="checkbox"/> Proposed	12. Year Built 1968/1951	13. Accessory Buildings MULTIPLE BLDGS. AT BOTH SITES - SEE NARRATIVE	
Site Information	14. Dimensions (SF): Square Feet or Acres 1.87/35.40 Acres	15. Zoning: (If recently changed submit evidence) DEL: R-4 (Apt.), ALDEN: R/C&R/H	
Building Information	16. Structural System BOTH MASONRY	17. Exterior Finish BRICK/DRYVIT	18. Heating-A/C System HOT WATER RADIANT

B. INFORMATION CONCERNING LAND OR PROPERTY

19. Date Acquired N/A	20. Purchase Price N/A	21. Additional Cost Paid or Accrued	22. Annual Ground Rent	23. Total Cost N/A	24. Relationship between Seller and Sponsor
25. Utilities: Public Community Distance From Site Water <input checked="" type="checkbox"/> <input type="checkbox"/> AT SITE Sewer <input checked="" type="checkbox"/> <input type="checkbox"/> AT SITE		26. Unusual Site Features <input type="checkbox"/> Cuts <input type="checkbox"/> High Water table <input type="checkbox"/> Fills <input type="checkbox"/> Retaining Wall(s) <input type="checkbox"/> Rock Formations <input checked="" type="checkbox"/> None <input type="checkbox"/> Erosions <input type="checkbox"/> Other (Specify) _____ <input type="checkbox"/> Poor Drainage			

26a. Special Assessments: <input type="checkbox"/> Prepayable (2) Principal Balance:	(3) Annual Payment	(4) Remaining Term: Years
<input type="checkbox"/> Non-Prepayable		

C. ESTIMATE OF INCOME

Type of Room or Unit	Number of Beds or units				Estimated Rate Monthly				Mnthly Inc @ 100% Occ.
	SNF	ICF	B&CF	ALF	SNF	ICF	B&CF	ALF	
SEE ATTACHED									

* Jurisdictional Exception: FHA underwriting standards require recognition of the fact that defined percentages of public reimbursement and private pay are sustainable in stabilized operations, and will generally be assumed in income estimation.

27. TOTAL MONTHLY INCOME FROM BEDS AND UNITS	\$1,442,534
Other Income (List) (NET)	
OUTPATIENT	\$79,583
LAB	\$16,667
RADIOLOGY/PHARMACY	\$54,166
MISCELLANEOUS/ANCILLARY	\$35,417
28. Total Other Income	\$185,333
29. Total Monthly Income - All Sources	\$1,628,367
30. Total Estimated Annual Gross Project Income at 100% Occupancy	\$19,540,404
31. Number of Non-Revenue Producing Units for Employees (not shown above)	

* Gross for inpatient, net for other sources.

Revenue Analysis**Delaware Ave./Psych**

Payor Type	Percent	Beds	Rate/day	Days	Total Revenue	Monthly Revenue
Private	1.70%	1.5	\$ 685	548	\$ 375,038	\$ 31,253
Medicare	37.00%	32.5	\$ 315	11863	\$ 3,736,688	\$ 311,391
Medicaid	25.00%	22	\$ 250	8030	\$ 2,007,500	\$ 167,292
Commercial	<u>36.30%</u>	<u>32</u>	<u>\$ 480</u>	<u>11680</u>	<u>\$ 5,606,400</u>	<u>\$ 467,200</u>
Totals	100.00%	88	\$ 365		\$ 11,725,625	\$ 977,135

Occupancy Level/Net Revenue

57% \$ 6,683,606

Alden/Substance

Payor Type	Percent	Beds	Rate/day	Days	Total Revenue	Monthly Revenue
Private	1.00%	0.62	\$ 1,540	226	\$ 348,502	\$ 29,042
Medicare	0.00%	0	\$ -	0	\$ -	\$ -
Medicaid	80.45%	49.88	\$ 200	18206	\$ 3,641,240	\$ 303,437
Commercial	<u>18.60%</u>	<u>11.5</u>	<u>\$ 380</u>	<u>4198</u>	<u>\$ 1,595,050</u>	<u>\$ 132,921</u>
Totals	100.05%	62	\$ 241		\$ 5,584,792	\$ 465,399

Total Monthly Revenue*

\$ 1,442,534

Occupancy Level/Net Revenue

87% \$ 4,858,769

Total Revenue-Inpatient

\$ 11,542,375

Outpatient

\$ 955,000

Laboratory

\$ 200,000

Radiology

\$ 325,000

Pharmacy

\$ 325,000

Subtotal-Revenue

\$ 13,347,375

Miscellaneous/Ancillary

\$ 425,000

Total Revenue

\$ 13,772,375

* Both locations for inpatient prior to vacancy for application to HUD form 92264

D. PAYROLL (SALARIES)				12/22/00	Project Number 01/00/00			
Position	Number	Monthly Rate	Total Annual	Position	Number	Monthly Rate	Total Annual	
ADMINISTRATIVE				HOUSEKEEPING				
GENERAL	33.4		\$1,500,000					
NURSING	12.6		\$450,000					
32. TOTAL ADMINISTRATIVE			\$1,950,000	35. TOTAL HOUSEKEEPING			\$	
BUILDINGS & GROUNDS				NURSING SERVICE				
OP/MAINT.	8.6		\$350,000	DAILY PATIENT	88.6		\$3,185,000	
MAINT./SEC.	2		\$40,000	OUTPATIENT	19.3		\$650,000	
MISCELLANEOUS	6.5		\$170,000	OTHER	7		\$210,000	
33. TOTAL BUILDINGS & GROUNDS			\$560,000	36. TOTAL NURSING SERVICE			\$4,045,000	
DIETARY				OTHER SALARIES				
DELAWARE	10.5		\$270,000	PHARMACY	1.5		\$120,000	
ALDEN	4.1		\$75,000	MED. RECORDS	6		\$180,000	
34. TOTAL DIETARY			\$345,000	37. TOTAL OTHER SALARIES			\$300,000	
38. ESTIMATED ANNUAL SALARIES	(sum of lines 32 through 37)						\$7,200,000	

E. ESTIMATE OF OPERATING DEFICIT

Periods	Gross Income	Occupancy %	Effective Gross	Expenses	Net Income	Debt Service	Deficit
39. 1st							
40. 2nd							

41. TOTAL OPERATING DEFICIT

F. Estimated Annual Operating Expenses

Administrative-				Housekeeping-			
1. Telephone & Telegraph	\$135,000			25. Supplies	\$10,000		
2. Advertising	\$50,000			26. Laundry			
3. Insurance & Liability	\$120,000			27. Other			
4. License or Permit	\$25,000			28. Total Housekeeping			\$10,000
5. Legal & Audit	\$100,000						
6. Miscellaneous	\$257,000						
7. Office Expense	\$82,000						
8. Total Administrative		\$769,000					
Building and Grounds-				Nursing Service-			
9. Decorating - Interior & Exterior	\$			29. Supplies	\$50,000		
10. Heating				30. Drugs	\$230,000		
11. Electricity	\$280,000			31. Professional Fees	\$1,140,000		
12. Water				32. Total Nursing Service			\$1,420,000
13. Gas							
14. Garbage Removal				Other Expenses-			
15. Insurance				33. Director Fee	\$325,000		
16. Supplies				34. Purch. Services	\$545,000		
17. Maintenance & Repairs	\$60,000			35. Rent - Clinics	\$225,000		
(Bldg. and Realty Items)				36. Total Other Expenses			\$1,095,000
18. Ground Expenses				37. Total Salaries (Line D-38)			\$7,200,000
19. Miscellaneous				38. Replacement Reserve (Realty)(.0060 x Line H-8)			\$37,500
20. Exterminating				39. Expenses (Less Taxes)			\$11,311,500
21. Total Building and Grounds		\$340,000		Taxes-			
				40. Real Estate Est. Assessed Value			
Dietary-				\$ ____ @ \$ ____ Per \$1,000	\$135,000		
22. Supplies	\$110,000			41. Personal Property Assessed Value			
				\$ ____ @ \$ ____ Per \$1,000			
23. Food Costs	\$330,000			42. Employee Payroll Tax	\$500,000		
24. Total Dietary		\$440,000		43. Employee Social Security			
				44. Other Benefits	\$671,500		
				45. Total Taxes/Benefits			\$1,306,500
				46. Replacement Reserve (Non-Realty)(.10 x H-36)			\$37,500
				47. Total Estimated Annual Operating Expenses			\$12,655,500
				(Lines 39 + 45 and 46)			

The Marshall Valuation Service costs included as part of the base costs many of the segmented items (incl.). See narrative for details (text and addendum). Other fees are associated with lease-up and premarketing for a facility of this nature, and certain soft costs not included in Marshall Valuation.

** Based on HUD guidelines, see narrative for additional details.*

The occupancy ratio reflects a blend applied separately to the two locations; 57% for Delaware Ave. and 87% for Alden.

The other revenue was obtained in detail on the revenue analysis sheet presented earlier, and includes outpatient, lab, radiology/ pharmacy and miscellaneous.

Page 4 of 6

K. Estimate of Value by Capitalization

12/22/00

Project Number

1. Estimated Remaining Economic Life

50 Yrs.

2. Capitalization Rate Determined By:

☐ Cash Flow from Equity☐ Debt Coverage Ratio☒ Rate From Band of Investment
(Add Recapture)☒ Overall Rate From
Comparable Projects

3. Capitalization Rate Selected 11.50%

4. Value of Leased Fee (if any)

Ground Rent _____ divided by Cap.

Rate _____ = Value of Leased Fee

Fee \$ _____

5. Net Return to Realty & Major Moveable Equipment based on Leased Care Facility data (Excluding Proprietary Income)

Address of Leased Care Facility	No. of Beds	Rent Realty Only PBPA	\$ Lump Sum Adjustment PBPA				Adj. Net Return to Realty and Non-Realty PBPA
			Return on Equipment				

6. Net Return to Realty and Major Moveable Equipment for Subject PBPA

\$6,330.15

7. Line K-6 x No. of Beds = Total Return Realty and Major Moveable Equipment (Excluding Proprietary Income) (Enter on Line G-6)

\$949,523

8. Net Return (Line K-7) / Overall Cap. Rate (Line K-3) = Estimated Value of Property by Capitalization
(Excluding Proprietary Income)

\$8,250,000

Comparable Leased Nursing Homes in Section K which are HUD Insured must include Regulatory agreement Form HUD-92486 (NHL) in the file. Comparable leased Nursing Homes in Section K which are not HUD Insured must include in the file verification by the Appraiser from the lessor or the lessee that there is no identity of interest between lessee and lessor, and that the lease payments for realty and major moveable equipment to be paid to lessor do not include proprietary income.

Remarks:

SEE NARRATIVE FOR DETAILED DISCUSSION OF PROPRIETARY INCOME

Address of Comparable Sale	Date	Sale Price	Number Beds	Sales Price Per Bed	Gross Inc. Per Bed	Gross Inc. Multiplier	Adjustments				Indicated Price/Bed
							AGE	ECO.	SALE	TIME	
See narrative for details											

9. Subject Gross Income Per Annum

x GIM

10a. Or: Number of Beds 0 x Ind. Price = Indicated Value of Subject by Comparison, including Proprietary Earnings

10b. Value by Comparison, Excluding Proprietary Earnings ((Line K-7 divided by Line G-5) times Line L-10a)

Remarks: * The Appraiser must comment on any prior sale of the subject within three years of the date of this processing.

SEE NARRATIVE FOR DETAILED DISCUSSION OF SALES COMPARABLES

M. Appraisal Summary

11. Capitalization \$8,250,000 Summation \$8,630,000 Comparison \$8,100,000
(Excluding Proprietary Income)

12. The Fair Market Value of the Property as of Date of Valuation is **

\$ 8,250,000

N. Reserved

O. Total Estimated Cost of Off-Site Requirements

Off-Site Estimated Cost

Total Off-Site Costs

\$0

** Care Facility property is not necessarily valued for its "highest and best use" but instead for its intended insured use. New construction is valued prospectively upon completion and Substantial Rehabilitation proposals are valued After Rehabilitation. Existing facilities being purchased are valued hypothetically "Including Repairs" as of the date of the appraisal.

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form HUD-92264-HCF (6/95)

P. Remarks, Conclusions and Signatures

D00030

Remarks, Conclusions and Signatures

Cost Processor

Date

Architectural Processor

Date

Architectural Reviewer

Date

Appraiser's Certification

I certify that to the best of my knowledge and belief:

- o the statements of fact contained in this summary report are true and correct.
- o the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal unbiased professional analyses, opinions and conclusions.
- o I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
- o my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event (other than the effects on value caused by FHA underwriting criteria already noted above).
- o my analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice and HUD Handbooks 4465.1, 4600.1 and 4480.1.
- o I have made a personal inspection of the property that is the subject of this report. (This may not apply to Valuation Reviewer signing below.)
- o no one provided significant professional assistance to the person signing this report, except for Architectural and Engineering and Cost Estimation professional signing above. These professionals' estimations of the subject property's dimensions and "hard" replacement costs have been relied upon by the Appraiser and Review Appraiser.

Appraiser

State Certified General Number

Date (See Note at bottom of page)

46-1454

1/12/01

Chief, Production Services, Multifamily Housing Division

Date

Director, Housing/Multifamily

Date

2-15-01

5-1-01

Critical/Immediate Noncritical Repairs:

Buffalo	- Critical	\$ 46,232
	Immediate Noncritical	205,665
Alden	- Critical	7,700
	Immediate Noncritical	68,820
		<u>\$328,417</u>

See Attached for details

Note: The Appraiser may initial and date only those pages of this report for which his/her signature is authorized.

Arbor National Commercial Mortgage, LLC

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Form HUD-92284-RCP (6/95)

D00031

SUPPLEMENT TO PROJECT ANALYSIS

U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
OFFICE OF HOUSING

SECTION/TITLE: 232/223(f)

PROCESSING STAGE: Firm

PUBLIC REPORTING BURDEN FOR THIS PROJECT ANALYSIS IS ESTIMATED TO AVERAGE 16 HOURS PER RESPONSE, INCLUDING THE TIME FOR REVIEWING INSTRUCTIONS, SEARCHING EXISTING DATA SOURCES, GATHERING AND MAINTAINING THE DATA NEEDED, AND COMPLETING AND REVIEWING THE COLLECTION OF INFORMATION. SEND COMMENTS REGARDING THIS BURDEN ESTIMATE OR ANY OTHER ASPECT OF THIS COLLECTION OF INFORMATION, INCLUDING SUGGESTIONS FOR REDUCING THIS BURDEN, TO THE REPORTS MANAGEMENT OFFICER, OFFICE OF INFORMATION POLICIES AND SYSTEMS, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, WASHINGTON, D.C. 20410-3600 AND TO THE OFFICE OF MANAGEMENT AND TO THE OFFICE OF MANAGEMENT AND BUDGET, PAPERWORK REDUCTION PROJECT (2502-0331), WASHINGTON, D.C. 20503.

DO NOT SEND THIS COMPLETED FORM TO EITHER OF THESE ADDRESSES.

NAME OF MORTGAGOR: LINREAL CORPORATION

PROJECT NUMBER:

PROJECT NAME: BRYLIN HOSPITALS

LOCATION: 1263 DELAWARE AVE, BUFFALO, NY & 11438 GENESEE STREET, ALDEN

TYPE OF BORROWER:

☒ Private☒ Profit☐ Public☐ Non-Profit☐ Instrumentality, etc.☐ Management Group☐ Sales Coop.☐ Investor-Sponsor☐ Builder/Seller☐ Limited Distribution

TYPE OF PROJECT:

☐ RENTAL HOUSING☒ SPECIALIZED USE FACILITY☐ -NEW CONSTRUCTION☐ NON-ELEVATOR☐ -COOPERATIVE☐ -INTERMEDIATE CARE FACILITY☐ -REHABILITATION☐ ELEVATOR☐ -CONDOMINIUM☐ -HOUSING FOR THE ELDERLY☐ -REDEVELOPMENT☒ EXISTING☐ -SINGLE RM OCCUPANCY☐ -MOBILE HOME COURT☐ -SUPPLEMENT LOAN☐ REFINANCE☐ -BOARD AND CARE☐ -CAPITAL ADVANCE 202/811☐ -GROUP HOME

I: DETERMINATION OF MAXIMUM INSURABLE MORTGAGE

CRITERIA	(COL. 1)	(COL. 2)	(COL. 3)
1. MORTGAGE OR LOAN AMOUNT REQUESTED IN APPLICATION			\$ 7,012,500
2. RESERVED			
3. AMOUNT BASED ON VALUE OR REPLACEMENT:			
A VALUE (REPLACEMENT COST) FEE SIMPLE	\$ 8,250,000 x 85%	\$ 7,012,500	
B (1) VALUE OF LEASED FEE	\$ -		
(2) GRANT/LOAN FUNDS ATTRIBUTABLE TO R.C.	\$ -		
(3) EXCESS UNUSUAL LAND IMPROVEMENT	\$ -		
(4) COST CONTAINMENT MORTGAGE DEDUCTION	\$ -		
(5) TOTAL LINES B1 TO B4	\$ - x	\$ -	
C UNPAID BALANCE OF SPECIAL ASSESSMENT		\$ -	
D TOTAL LINE 3B PLUS LINE 3C		\$ -	\$ 7,012,500
E LINE A MINUS LINE D			
4. AMOUNT BASED ON LIMITATION PER FAMILY UNIT:			
A NUMBER OF NO BEDROOM UNITS	x \$ -	\$ -	
NUMBER OF ONE BEDROOM UNITS	x \$ -	\$ -	
NUMBER OF TWO BEDROOM UNITS	x \$ -	\$ -	
NUMBER OF THREE BEDROOM UNITS	x \$ -	\$ -	
NUMBER OF FOUR OR MORE BEDROOM UNITS	x \$ -	\$ -	
B COST NOT ATTRIBUTABLE TO DWELLING UNITS	\$ - x 100%	\$ -	
C SITE NOT ATTRIBUTABLE TO DWELLING USE	\$ - x	\$ -	
D TOTAL LINES A THROUGH LINE C		\$ -	
E TOTAL NUMBER OF SPACES	0 x \$ -	\$ -	
F SUM: VALUE OF LEASED FEE AND UNPAID BALANCE OF SPECIAL ASSESSMENT(S)		\$ -	\$ -
G LINE D OR LINE E, WHICHEVER IS APPLICABLE, MINUS LINE F			
5. AMOUNT BASED ON DEBT SERVICE RATIO:			
A MORTGAGE INTEREST RATE		7.500%	
B MORTGAGE INSURANCE PREMIUM RATE		0.50%	
C INITIAL CURTAIL RATE - ENTER LOAN Y	35	0.590911%	
D SUM OF ABOVE RATES			8.590911%
E NET INCOME	\$ -	\$ 949,523 x 85%	\$ 807,095
F ANNUAL GROUND RENT		\$ -	\$ -
G LINE 5E MINUS LINE 5F			\$ 807,095
H LINE 5G DIVIDED BY LINE 5D			\$ 9,394,700
I. TAX ABATEMENT (IF ANY)			\$ -
J. LINE H PLUS LINE I			\$ 9,394,700

NAME OF MORTGAGOR: LINREAL CORPORATION

PROJECT NUMBER:

PROJECT NAME: BRYLIN HOSPITALS

LOCATION: 1263 DELAWARE A 0 0

DETERMINATION OF MAXIMUM INSURABLE MORTGAGE (CONTINUED)

CRITERIA	(COL. 1)	(COL. 2)	(COL. 3)
6. AMOUNT BASED ON ESTIMATED COST OF REHABILITATION PLUS:			
(I) 'AS IS' VALUE, OR (II) ACQUISITION COST OR			
(III) EXISTING MORTGAGE INDEBTEDNESS AGAINST THE			
PROPERTY BEFORE REHABILITATION:			
A TOTAL ESTIMATED DEVELOPMENT COST	\$ -		
B ESTIMATED COST OF OFF-SITE CONSTRUCTION	\$ -		
C SUM OF LINE 6A AND LINE 6B		\$ -	
D GRANT/LOAN FUNDS ATTRIBUTABLE TO R.C. ITEMS	\$ -		
E LINE 6C MINUS LINE 6D		\$ -	
F AS IS' VALUE OF PROP. BEFORE REHAB.	\$ 0	x 100.0000%	\$ -
G EXISTING MORTGAGE INDEBTEDNESS (PROP. OWNER)			\$ -
OR PURCHASE PRICE OF PROPERTY (TO BE ACQUIRED)			\$ -
H LINE 6E PLUS LINE 6F			\$ -
I. LINE 6H \$ X 100.00%			\$ -
7. AMOUNT BASED ON BORROWER'S TOTAL COST OF ACQUISITION SECTION 223(f)			
A PURCHASE PRICE OF PROJECT	\$ -		
B REPAIRS AND IMPROVEMENTS, IF ANY	\$ -		
C OTHER FEES	\$ -		
D LOAN CLOSING CHARGES	\$ -		
E SUM OF LINES 7A THROUGH LINE 7D		\$ -	
F ENTER THE SUM OF ANY GRANT/LOAN AND RESERVE FOR REPLACEMENT AND			\$ -
MAJOR MOVABLE EQUIPMENT TO BE PURCHASED AS A ASSET OF THE PROJECT			\$ -
G LINE 7E MINUS LINE			\$ -
H LINE 7G \$ X 85.00%			\$ -
8. AMOUNT BASED ON SUM OF UNIT MORTGAGE AMOUNTS			\$ -
9. AMOUNT BASED ON ESTIMATED COST TO BORROWER:			
A TOTAL ESTIMATED COST (EXCL. OF SITE & REQUIRED CONST. OFF THE SITE)	\$ -		
B PURCHASE PRICE OF SITE	\$ -		
C TOTAL COST OF CLEARING SITE, IF ANY	\$ -		
D EXPENSE OF RELOCATING OCCUPANTS, IF ANY	\$ -		
E COST OF OFF-SITE CONSTRUCTION, IF ANY	\$ -		
F SUM OF LINES 9A THROUGH 9E		\$ -	
G LINE 9F \$ X 100.0000%			\$ -
10 AMOUNT BASED ON EXISTING INDEBTEDNESS, REPAIRS & LOAN CLOSING CHARGES SECTION 223(f)			
A TOTAL EXISTING INDEBTEDNESS	\$ 5,746,546		
B REQUIRED REPAIRS	\$ -328,417		
C OTHER FEES	\$ 3,284		
D LOAN CLOSING CHARGES	\$ 998,173		
E SUM OF LINES 10A THROUGH LINE 10D		\$ 7,076,420	
F ENTER THE SUM OF ANY GRANT/LOAN & RESERVE FOR			\$ 7,159,731
REPLACEMENT AND MAJOR MOVABLE EQUIPMENT ON DEPOSIT			\$ -
G LINE 10E MINUS LINE 10F			\$ 7,076,420
H 70% OF VALUE	\$ 0	x 70%	\$ -
I. GREATER OF LINE 10G OR LINE 10H			\$ 7,157,731
* ATTACH FORMAT FOR COMPUTING LOAN CLOSING CHARGES.			\$ 7,076,400
MAXIMUM INSURABLE MORTGAGE (LOWEST OF THE FORGOING CRITERIA)			\$ 7,012,500

NAME OF MORTGAGOR: LINREAL CORPORATION
 PROJECT NAME: BRYLIN HOSPITALS
 LOCATION: 1263 DELAWARE A
 II: TOTAL REQUIREMENTS FOR SETTLEMENT
 PART A

PROJECT NUMBER:

1. FEES NOT TO BE PAID IN CASH:
 A BSPRA/SPRA \$
 BUILDERS PROFIT \$
 OTHER: \$
 TOTAL (ENTER IN PART B ON LINE 5) \$
 2. COMMITMENT, MKTG., GNMA
 A FEES: \$
 OTHER: PERMANENT LOAN \$
 B DISCOUNTS: CONSTRUCTION LOAN \$
 DEBT SVC. RESERVE (BOARD & CARE) \$
 C ESCROWS: \$
 OTHER: \$
 TOTAL (ENTER IN PART B ON LINE 9) \$
 3. WORKING CAPITAL:
 A WORKING CAPITAL \$
 B MINIMUM CAPITAL INVESTMENT (SEC. 202/811) \$
 C NON-REALTY ITEMS NOT INCLUDED IN MORTGAGE \$
 TOTAL (ENTER IN PART B ON LINE 10) \$

PART B

1. a. Existing Debt & Loan Closing Cos 6,744,936
 b. Adjustment for Contracted Amounts in
 Excess of form HUD 92264 Estimates
 (1) CONSTRUCTION CONTRAC \$
 (2) ARCHITECT'S CONTRACT \$
 (3) OTHER \$
 c. TOTAL OF LINES a. & b 6,744,936
 2. REQUIRED REPAIRS \$
 3. SUBTOTAL (LINES 1c + 2) \$
 4. A. MORTGAGE AMOUNT \$ 7,012,500
 B. GRANT/LOAN \$
 5. FEES NOT TO BE PAID IN CAS \$
 6. SUBTOTAL (LINES 4A + 4B + 5) \$ 7,012,500
 7. CASH INVESTMENT REQUIRED (LINE 3 MIN \$
 8. INITIAL OPERATING DEFICIT * \$
 9. COMMITMENT, MARKETING FEES \$
 DISCOUNT AND ESCROWS \$
 10. WORKING CAPITAL-REPAIRS \$
 11. OFF-SITE CONSTRUCTION & DEMOLITION C \$
 (\$ + \$)
 12. TOTAL ESTIMATED CASH REQUIREMENT \$
 (SUM OF LINES 7 + 8 + 9 + 10 + 11)
 FRONT MONEY ESCROW, IF ANY \$
 (SUBTRACT LINE 6 FROM LINE 1)

* NOTE: FOR SECTION 223(f) CASES, ATTACH THE FORMAT FOR COMPUTING THE OPERATING DEFICIT.

III: SOURCE OF FUNDS TO MEET CASH REQUIREMENT / MORTGAGE CREDIT NOTES
 SOURCE: AMOUNT

A. SPONSOR PLUS PREPAID TRANSACTION COSTS \$ 198,096
 B. \$
 C. \$
 D. \$
 E. \$
 TOTAL AVAILABLE CASH FOR PROJECT \$ 198,096

MORTGAGE CREDIT PROCESSING NOTES:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

IV: RECOMMENDATION, REQUIREMENTS AND REMARKS

LOAN CLOSING CHARGES BASED ON MORTGAGE AMOUNT:

FINANCING FEE 140,250
 MIP 70,125
 EXAM FEE 21,038
 PLACEMENT FEE 105,188
 LEGAL & ORG 58,350
 IDRR 550,000
 TITLE & RECORDING 50,156
 TOTAL 995,106

Mortgage Recommendation

X RECOMMEND APPROVAL; SUBJECT TO CONDITIONS STATED IN ADDENDUM, IF ANY.
 RECOMMEND REJECTION FOR REASONS STATED IN ADDENDUM.

SIGNATURE OF THE MORTGAGE CREDIT EXAMINER:

X

DATE:

4-23-01

PAGE 3 OF 3

FORM HUD-92264-A (2/94)

D00034

TO COMPUTE FEES IN A REFINANCING TRANSACTION

Step 1. Add the known dollar amounts for:

A.	Existing Indebtedness	5,746,546
B.	Repairs	328,417
C.	Initial Deposit to Reserve for Replacement	550,000
D.	Legal	30,000
E.	Organizational	28,350
F.	Title and Recording	50,156
G.	Other Fees (Arch, Inspection, Engineering) (HUD)	3,284
H.	GNMA Fee (MBS)	0
	Total	<u>6,736,753</u>

Step 2. Deduct the amounts of any Replacement Reserve Escrow currently on deposit with the mortgagee

Result 6,736,753

Step 3. Add the known percentages for:

A.	Financing Fee (Initial Service Charge)	2.0%
B.	MIP	1.0%
C.	Exam Fee	0.3%
D.	FNMA Fee	1.5%
E.	Discounts, if Allowable	0.0%
	Total	<u>4.8%</u>

Step 4. Subtract the sum from Step 3 from 100% 95.2%

Step 5. Divide the sum from Step 2 by the result from Step 4. The quotient rounded down to the nearest hundred becomes the mortgage amount.

7,076,400

Step 6. Compute and total the actual fees based on the mortgage amount determined in Step 5.

A.	Financing Fee	141,528
B.	MIP	70,764
C.	Exam Fee	21,229
D.	FNMA FEE	106,146
E.	Discounts	0
	Total	<u>339,667</u>

Step 7. Add to the sum from Step 6, the following:

A.	Legal & Organizational	30,000+28,350	58,350
B.	Initial Deposit to Reserve for Replacement		550,000
C.	Title and Recording		50,156
D.	GNMA Fee		0
	Total		<u>998,173</u>

Organization:

Frandina	6,750
GAR	15,000
Phase I	1,500
LBP	600
Survey	<u>4,500</u>
	28,350

Debt:

Key	3,750,000
Heller	1,350,000
Taxes	460,936
Charter	61,779
Misc	<u>123,831</u>
	5,746,546

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